

BRANDON SCHOOL DISTRICT
ORTONVILLE, MICHIGAN
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2006

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

August 24, 2006

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Brandon School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brandon School District, as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Brandon School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brandon School District as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated August 24, 2006 on our consideration of the Brandon School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages II – VIII, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brandon School District's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

BRANDON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Brandon School District's Administration's discussion and analysis of the financial results for the year ended June 30, 2006.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

BRANDON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

District Wide Financial Statements: (Continued)

These two statements report the Brandon School District net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreased in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds and its private purpose trust funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

SUMMARY OF NET ASSETS:

The following summarizes the net assets at the years ended June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
<u>NET ASSETS SUMMARY</u>		
<u>ASSETS</u>		
Current Assets	\$84,734,548	\$11,029,826
Non-Current Assets	<u>37,578,297</u>	<u>38,189,720</u>
<u>TOTAL ASSETS</u>	<u>\$122,312,845</u>	<u>\$49,219,546</u>
<u>LIABILITIES</u>		
Current Liabilities	\$11,584,071	\$10,752,335
Long-Term Liabilities	<u>111,243,267</u>	<u>41,025,586</u>
Total Liabilities	\$122,827,338	\$51,777,921
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	(2,902,791)	(2,656,551)
Restricted - Debt Service	1,317,734	400,856
Unrestricted	<u>1,070,564</u>	<u>(302,680)</u>
Total Net Assets	<u>(\$514,493)</u>	<u>(\$2,558,375)</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$122,312,845</u>	<u>\$49,219,546</u>

BRANDON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

RESULTS OF OPERATIONS:

For the year ended June 30, 2006 and 2005, the District wide results of operations were:

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
<u>Program Revenue</u>		
Charges for Services	\$1,266,531	\$1,147,956
Operating Grants	4,600,941	1,596,587
Total Program Revenue	<u>\$5,867,472</u>	<u>\$2,744,543</u>
<u>General Revenue</u>		
Property Taxes	6,397,712	5,839,518
State Aid	22,996,939	23,312,316
Other	1,007,763	1,578,123
Total General Revenue	<u>\$30,402,414</u>	<u>\$30,729,957</u>
Total Revenues	<u>\$36,269,886</u>	<u>\$33,474,500</u>
<u>EXPENSES</u>		
Instruction & Instructional Support	16,574,776	16,340,592
Support Services	12,043,118	10,856,879
Community Services	252,796	237,568
Food Service	888,871	845,877
Athletics	642,745	615,356
Childcare	351,730	342,253
Interest on Long-Term Debt	2,157,601	2,147,356
Depreciation	1,314,367	1,534,847
Total Expenses	<u>\$34,226,004</u>	<u>\$32,920,728</u>
<u>INCREASE IN NET ASSETS</u>	<u>\$2,043,882</u>	<u>\$553,772</u>
<u>BEGINNING NET ASSETS (DEFICIT) - AS RESTATED</u>	<u>(2,558,375)</u>	<u>(3,112,147)</u>
<u>ENDING NET ASSETS (DEFICIT)</u>	<u><u>(\$514,493)</u></u>	<u><u>(\$2,558,375)</u></u>

BRANDON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Analysis of Financial Position:

During the year ended June 30, 2006, the District's Total Net Assets increased by \$2,043,882 to a total of \$(514,493). The largest portion of the net assets are the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) decreased by \$246,240 during the year due to depreciation and principal payments on related debt exceeding the purchase of new capital assets. The deficit in investment of capital assets is due in part to the loan balance in the Michigan School Bond Loan Fund. The districts Unrestricted Net Assets increased by \$1,373,244 during the year and the restricted portion of the net assets increased by \$916,878. The restricted Net Assets consist of debt retirement funds that may only be used to pay bonded debt. The unrestricted net assets may be used to fund the educational services provided to students.

Analysis of Results of Operations

The District's overall revenues exceeded its expenses for the year by \$2,043,882. The total revenues increased by \$2,795,386 or 8% over last years amounts. The major change was an increase in Non-Homestead revenues and the State Foundation allowance increase. Expenditures increased by \$1,305,276 or 4% over last years amounts. Major changes were increases in staff salaries and benefits and an increase in special education programs.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments net resources available for spending at the end of the year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Unreserved fund balance for the general fund increased by \$345,399 during the year with the increase coming primarily in cash. Revenues for the year increased by \$2,339,807 primarily due to increases in the State Foundation Allowance and the Non-Homestead revenues. Expenditures and other financing uses increased by \$2,256,904, primarily due to increases in wages and benefits and small increases in programming. The major source of general fund revenues is state aid and taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)
The State of Michigan aid, unrestricted, is determined with the following variables:
 - a. State of Michigan State Aid Act per student foundation allowance
 - b. Student Enrollment - Blended at 75 percent of current year's fall count and 25 percent of prior year's winter count
 - c. The District's non-homestead tax levy.
2. Per Student Foundation Allowance:
Annually, the State of Michigan establishes the per student foundation allowance. The Brandon School District foundation allowance was \$6,875 per student for the 2005-2006 school year.
3. Student Enrollment:
The District's student enrollment for the fall count of 2005-2006 was 3,697 students. An increase of 68 students from the prior year.

BRANDON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)

Analysis of Financial Position (Continued)

General Fund (Continued)

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 18 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2005-2006 year was \$1,605,616. An increase of \$346,013 from the prior year.

2006 Capital Projects Fund

The districts Capital projects fund balance increased by \$72,932,186 as the District's construction project began in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS:

GENERAL FUND BUDGET VS. ACTUAL

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Original	Variance Actual
				<u>& Final Budget %</u>	<u>& Final Budget %</u>
Revenue	\$28,733,612	\$29,856,089	\$29,899,078	3.76	0.14
Expenditures	29,129,827	30,012,999	29,553,679	2.94	1.53
<u>TOTAL</u>	<u>(\$396,215)</u>	<u>(\$156,910)</u>	<u>\$345,399</u>		

ANALYSIS OF BUDGETS:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming year prior to July 1, the start of the year.

As a matter of practice, Brandon School District amends its budget during the school year. The June, 2006 budget amendment was the final budget for the year.

Original vs. Final Budgets

Revenues

The variance in the amount of the original budget and the final budget is due to borrowing for ten new school buses and the State Foundation Allowance.

Expenditures

The variance in the amount of the original budget and the final budget expenditures is due to the purchase of ten new school buses and an increase in the basic instruction for students.

BRANDON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

ANALYSIS OF BUDGETS: (Continued)

Actual Results vs. Final Budgets

Revenues

The variance in the amount of the final budget and actual revenue is due to an increase in local revenues above projections.

Expenditures

The variance in the amount of the final budget and actual expenditures is due to cutting all expenditures possible to balance the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-01-05	Increases 6-30-06	Principal Payments 6-30-06	Principal Balance 6-30-06
Bonds Payable	\$34,142,651	\$72,975,000	\$2,338,083	\$104,779,568
MI School Bond Loan Fund	7,858,244	0	0	7,858,244
Contract Payable	280,000	0	20,000	260,000
Installment Contract	0	515,462	0	515,462
Compensated Absences	1,044,691	0	108,186	936,505
<u>Total Long-Term Bond Obligations</u>	<u>\$43,325,586</u>	<u>\$73,490,462</u>	<u>\$2,466,269</u>	<u>\$114,349,779</u>

2006 School Building and Site Bonds

Brandon School District has issued General Obligation Bonds dated June 14, 2006, in the amount of \$72,975,000, bearing interest at rates varying from 4.0% to 5.0% per annum. The balance of the bonds as of June 30, 2006 was \$72,975,000.

Installment Contract

The District entered into an installment contract with Oxford Bank on July 25, 2005 for the purchase of ten buses. The contract requires annual payments of \$113,326 including interest at 3.24% per annum and matures on July 25, 2010. The balance at June 30, 2006 was \$515,462.

BRANDON SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

B. Capital Assets

The district's net investment in capital assets decreased by \$762,909 during the year. This can be summarized as follows:

	Balance 7-1-05	Additions	Deductions	Balance 6-30-06
Capital Assets	\$62,074,134	\$713,554	\$0	\$62,787,688
Less: Accumulated Depreciation	(23,884,414)	(1,476,463)	0	(25,360,877)
<u>Net Investment Capital Outlay</u>	<u>\$38,189,720</u>	<u>(\$762,909)</u>	<u>\$0</u>	<u>\$37,426,811</u>

Significant additions were the purchase of ten buses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

* Foundation Allowance

The Board of Education and Administration agreed to an estimate of a foundation allowance of \$7,108 per pupil for the 06-07 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan and the gubernatorial election will all affect this estimate before the final foundation allowance is known.

* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to increase to 17.74% in 06-07 from 16.34% in 05-06.

* The Brandon School District's 2006/2007 adopted budget is as follows:

<u>REVENUE</u>	\$29,834,773
<u>EXPENDITURES</u>	30,281,189
<u>NET (UNDER) BUDGET</u>	(\$446,416)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Brandon School District.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$2,128,134
Investments	77,158,424
Accounts Receivable	6,644
Taxes Receivable	5,396
Interest Receivable	221,510
Due from Other Governmental Units	4,862,695
Due from Internal Funds	42,486
Inventory	13,074
Prepaid Expenses	296,185
Total Current Assets	\$84,734,548
<u>NON-CURRENT ASSETS</u>	
Construction in Progress	151,486
Capital Assets	62,787,688
Less: Accumulated Depreciation	(25,360,877)
Total Noncurrent Assets	\$37,578,297
<u>TOTAL ASSETS</u>	\$122,312,845
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	353,293
State Aid Note Payable	3,950,000
Salaries Payable	1,678,188
Accrued Expenses	2,490,853
Deferred Revenue	5,225
Current Portion of Long-Term Obligations	3,106,512
Total Current Liabilities	\$11,584,071
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	111,243,267
<u>TOTAL LIABILITIES</u>	\$122,827,338
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	(2,902,791)
Restricted for:	
Debt Retirement	1,317,734
Unrestricted	1,070,564
<u>TOTAL NET ASSETS</u>	(\$514,493)

See accompanying notes to the basic financial statements.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$16,574,776	\$73,491	\$4,052,043	(\$12,449,242)
Support Services	12,043,118	75,303	133,930	(11,833,885)
Community Services	252,796	139,547	0	(113,249)
Food Service	888,871	576,279	355,568	42,976
Athletics	642,745	124,667	0	(518,078)
Childcare	351,730	277,244	59,400	(15,086)
Interest - Long-Term Obligations	2,157,601	0	0	(2,157,601)
Depreciation - Unallocated	1,314,367	0	0	(1,314,367)
<u>TOTALS</u>	<u>\$34,226,004</u>	<u>\$1,266,531</u>	<u>\$4,600,941</u>	<u>(\$28,358,532)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				6,397,712
State Aid				22,996,939
Investment Earnings				255,655
Miscellaneous				752,108
Total General Revenues and Transfers				<u>\$30,402,414</u>
Change in Net Assets				<u>\$2,043,882</u>
Net Assets - Beginning - As Restated				<u>(2,558,375)</u>
<u>Net Assets - Ending</u>				<u>(\$514,493)</u>

See accompanying notes to the basic financial statements.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2006

	General Fund	2006 Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$147,436	\$0	\$1,980,698	\$2,128,134
Investments	4,113,910	73,044,514	0	77,158,424
Accounts Receivable	6,644	0	0	6,644
Taxes Receivable	0	0	5,396	5,396
Interest Receivable	0	221,510	0	221,510
Due From Other Governmental Units	4,845,921	0	16,774	4,862,695
Due From Other Funds	838,829	0	580,713	1,419,542
Inventory	0	0	13,074	13,074
Prepaid Expenses	296,185	0	0	296,185
<u>TOTAL ASSETS</u>	<u>\$10,248,925</u>	<u>\$73,266,024</u>	<u>\$2,596,655</u>	<u>\$86,111,604</u>
<u>LIABILITIES</u>				
Accounts Payable	\$19,296	\$333,838	\$159	\$353,293
State Aid Note Payable	3,950,000	0	0	3,950,000
Due to Other Funds	134,453	0	1,242,603	1,377,056
Salaries Payable	1,678,188	0	0	1,678,188
Accrued Expenses	95,850	0	0	95,850
Deferred Revenue	5,225	0	0	5,225
Total Liabilities	<u>\$5,883,012</u>	<u>\$333,838</u>	<u>\$1,242,762</u>	<u>\$7,459,612</u>
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	0	0	13,074	13,074
Prepaid Expenses	296,185	0	0	296,185
Debt Retirement	0	0	1,317,734	1,317,734
Capital Projects	0	72,932,186	(3,841)	72,928,345
Unreserved:				
Undesignated, Reported In:				
General Fund	4,069,728	0	0	4,069,728
School Service Funds	0	0	26,926	26,926
Total Fund Balances	<u>\$4,365,913</u>	<u>\$72,932,186</u>	<u>\$1,353,893</u>	<u>\$78,651,992</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$10,248,925</u>	<u>\$73,266,024</u>	<u>\$2,596,655</u>	<u>\$86,111,604</u>

See accompanying notes to the basic financial statements.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2006

Total Governmental Fund Balances:	\$78,651,992
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$62,787,688 and the accumulated depreciation is \$25,360,237	37,426,811
Construction in Progress	151,486
Accrued Interest on Long-Term Debt	(2,395,003)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds Payable	\$104,779,568
MI School Bond Loan Fund	7,858,244
Installment Contract and Contract Payable	775,462
Compensated Absences Payable	936,505
Total Long-Term Liabilities	<u>(114,349,779)</u>
<u>TOTAL NET ASSETS -</u> <u>GOVERNMENTAL ACTIVITIES</u>	<u>(\$514,493)</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	2006 Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Local Sources	\$2,146,369	\$13,328	\$5,920,487	\$8,080,184
State Sources	24,653,699	0	167,486	24,821,185
Federal Sources	1,352,935	0	302,733	1,655,668
Total Revenues	<u>\$28,153,003</u>	<u>\$13,328</u>	<u>\$6,390,706</u>	<u>\$34,557,037</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	16,582,459	0	0	16,582,459
Student Services	1,781,738	0	0	1,781,738
Instructional Support	1,099,846	0	0	1,099,846
General Administration	378,443	0	0	378,443
School Administration	1,420,148	0	0	1,420,148
Business Administration	627,689	0	0	627,689
Operation & Maintenance of Plant	3,376,870	0	0	3,376,870
Transportation	2,559,000	0	0	2,559,000
Support Services - Other	739,424	0	0	739,424
Community Services	252,796	0	0	252,796
Food Service	0	0	880,999	880,999
Athletics	0	0	589,024	589,024
Childcare	0	0	351,730	351,730
Debt Retirement	0	0	4,038,056	4,038,056
Capital Outlay	0	151,486	2,100	153,586
Total Expenditures	<u>\$28,818,413</u>	<u>\$151,486</u>	<u>\$5,861,909</u>	<u>\$34,831,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$665,410)	(\$138,158)	\$528,797	(\$274,771)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from (to) Other Funds	(426,089)	0	426,089	0
Bond Proceeds	0	72,975,000	0	72,975,000
Bond Issuance Costs/Premium	0	95,344	0	95,344
Other Transfers	1,436,898	0	0	1,436,898
Total Other Financing Sources (Uses)	<u>\$1,010,809</u>	<u>\$73,070,344</u>	<u>\$426,089</u>	<u>\$74,507,242</u>
Net Change in Fund Balance	\$345,399	\$72,932,186	\$954,886	\$74,232,471
<u>FUND BALANCE - BEGINNING</u>	<u>4,020,514</u>	<u>0</u>	<u>399,007</u>	<u>4,419,521</u>
<u>FUND BALANCE - ENDING</u>	<u>\$4,365,913</u>	<u>\$72,932,186</u>	<u>\$1,353,893</u>	<u>\$78,651,992</u>

See accompanying notes to the basic financial statements.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Total net change in fund balances - governmental funds	\$74,232,471
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(762,910)
Construction in Progress	151,486
Bond and Debt Proceeds	(73,490,462)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	2,358,083
Change in accrued interest on long-term liabilities	(552,972)
Decrease in accrued compensated absences	<u>108,186</u>
<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$2,043,882</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2006

	Student Groups	Fletcher/ Jones Endowment	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$369,813	\$22,171	\$391,984
<u>TOTAL ASSETS</u>	\$369,813	\$22,171	\$391,984
<u>LIABILITIES</u>			
Accounts Payable	7,132	0	7,132
Due to Other Funds	42,486	0	42,486
Due to Student Groups	320,195	0	320,195
Total Liabilities	\$369,813	\$0	\$369,813
<u>NET ASSETS - HELD IN TRUST FOR OTHERS</u>	<u>\$0</u>	<u>\$22,171</u>	<u>\$22,171</u>

See accompanying notes to the basic financial statements.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Fletcher/ Jones Endowment</u>
<u>ADDITIONS</u>	
Donations	\$21,000
Interest	<u>1,171</u>
Total Additions	\$22,171
 <u>DEDUCTIONS</u>	
Scholarships and Other Expenses	<u>0</u>
 <u>CHANGE IN NET ASSETS</u>	 \$22,171
 <u>NET ASSETS - BEGINNING OF YEAR</u>	 <u>0</u>
 <u>NET ASSETS - END OF YEAR</u>	 <u><u>\$22,171</u></u>

See accompanying notes to the basic financial statements.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$2,064,188	\$2,635,202	\$2,146,369	(\$488,833)
State Sources	24,292,839	24,643,190	24,653,699	10,509
Federal Sources	1,242,929	1,360,212	1,352,935	(7,277)
Total Revenues	<u>\$27,599,956</u>	<u>\$28,638,604</u>	<u>\$28,153,003</u>	<u>(\$485,601)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	16,979,256	16,846,423	16,582,459	263,964
Student Services	1,687,152	1,816,511	1,781,738	34,773
Instructional Support	1,316,799	1,211,377	1,099,846	111,531
General Administration	378,040	372,579	378,443	(5,864)
School Administration	1,482,990	1,446,228	1,420,148	26,080
Business Administration	580,750	614,059	627,689	(13,630)
Central Services	5,729,854	6,728,994	6,675,294	53,700
Community Services	233,387	190,591	252,796	(62,205)
Total Expenditures	<u>\$28,388,228</u>	<u>\$29,226,762</u>	<u>\$28,818,413</u>	<u>\$408,349</u>
Excess of Revenues Over Expenditures	(\$788,272)	(\$588,158)	(\$665,410)	(\$77,252)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	392,057	431,248	1,010,809	579,561
Net Change in Fund Balance	<u>(\$396,215)</u>	<u>(\$156,910)</u>	<u>\$345,399</u>	<u>\$502,309</u>
<u>FUND BALANCE - BEGINNING</u>			<u>4,020,514</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$4,365,913</u>	

See accompanying notes to the basic financial statements.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Brandon School District conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains three school service funds: Food Service, Athletic and Childcare fund.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for remodeling and repairs.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$1,500 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u> <u>Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 20 years
Vehicles and Buses	5 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgements, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

O) RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

P.A. 621 of 1978, Section 18 (1), as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the District for these budgetary funds were adopted to the activity level.

During the year ended June 30, 2006, the District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

The District did not adopt a budget for the 2006 Capital Projects fund for the current year.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2006, the District had the following investments.

<u>Investment Type</u>	<u>Fair value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Quality Rating</u>	<u>Portfolio %</u>
MILAF External Investment Pool - MICMS	\$46,846,415	0.0027	AAAm	60.71%
MILAF External Investment Pool - MIMAX	4,054,259	0.0027	AAAm	5.25%
US Agency Notes and Bonds	26,257,750	1.8310	AAAm	34.03%
<u>TOTAL</u>	<u>\$77,158,424</u>	<u>0.6249</u>		<u>100.00%</u>

1 day maturity equals 0.0027, one year equals 1.00.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2006, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

4) DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the District's investments are in investment pools which represents 100% of the District's total investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2006, \$1,544,406 of the District's bank balance of \$2,556,880 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of \$391,984	\$ 2,520,118
Investments	77,158,424
<u>TOTAL</u>	<u>\$ 79,678,542</u>

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	\$ 369,813
Cash Private Purpose Trust	22,171
Cash – District Wide	2,128,134
Investments – District Wide	77,158,424
<u>TOTAL</u>	<u>\$ 79,678,542</u>

5) PROPERTY TAXES

The School District levies its property taxes in June and December and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

6) RECEIVABLES

Receivables at June 30, 2006, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

6) RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 4,469,940
Federal Grants	301,546
Other Grants	91,209
	<u> </u>
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>\$ 4,862,695</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2006, the School District had estimated claims of \$10,413 in conjunction with the program.

8) SHORT-TERM DEBT

The District borrowed \$3,950,000 at 2.92% interest per annum on August 19, 2005, from Chase Bank on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The note was repaid August 18, 2006.

	<u>BALANCE</u> <u>JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2006</u>
State Aid Note	<u>\$4,900,000</u>	<u>\$3,950,000</u>	<u>\$4,900,000</u>	<u>\$3,950,000</u>

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>BALANCE</u> <u>JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2006</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$52,981,411	\$0	\$0	\$52,981,411
Equipment and Furniture	6,975,736	83,092	0	7,058,828
Vehicles	2,116,987	630,462	0	2,747,449
Totals at Historical Cost	<u>\$62,074,134</u>	<u>\$713,554</u>	<u>\$0</u>	<u>\$62,787,688</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(16,978,539)	(1,132,816)	0	(18,111,355)
Equipment and Furniture	(5,071,781)	(236,386)	0	(5,308,167)
Vehicles	(1,834,094)	(107,261)	0	(1,941,355)
Total Accumulated Depreciation	<u>(\$23,884,414)</u>	<u>(\$1,476,463)</u>	<u>\$0</u>	<u>(\$25,360,877)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$38,189,720</u>	<u>(\$762,909)</u>	<u>\$0</u>	<u>\$37,426,811</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

9) CAPITAL ASSETS (Continued)

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as “unallocated”. Depreciation was recorded on the statement of activities as follows:

Instruction	\$100,503
Food Service	7,872
Athletics	53,721
Unallocated	<u>1,314,367</u>
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 1,476,463</u>

Investment in capital assets – net of related debt consists of the following:

Construction in Progress	\$ 151,486
Capital Assets	62,787,688
Less: Accumulated Depreciation	(25,360,877)
Less: Long-Term Liabilities	(114,349,779)
Compensated Absences	936,505
2006 Capital Projects Fund Equity	<u>72,932,186</u>
<u>TOTAL</u>	<u>\$ (2,902,791)</u>

10) SELF INSURANCE POOL

The School District participates in a public entity risk pool (self-insurance pool) for its workers' compensation, property and casualty, general liability, and boiler insurance. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2006 were \$206,255 and the District received a refund of \$32,931.

11) LONG-TERM LIABILITIES

A) Durant Resolution Package Bonds

Brandon School District issued Durant Resolution Bonds on November 24, 1998 in the amount of \$787,787 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2006 was \$464,568.

B) 1995 Refunding Bonds

Brandon School District has issued General Obligation Bonds dated October 24, 1995 in the amount of \$7,920,000. The bonds mature serially through May 1, 2009, at varying principal amounts. Interest rates on the bonds range from 3.85% to 5.40% per annum. The balance of the bonds at June 30, 2006, was \$2,410,000.

C) 1998 Refunding Bonds

Brandon School District has issued General Obligation Bonds dated February 17, 1998 in the amount of \$29,795,000. The bonds mature serially through May 1, 2026, at varying principal amounts. Interest rates on the bonds range from 3.85% to 5.10% per annum. The balance of the bonds at June 30, 2006, was \$28,930,000.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

11) LONG-TERM LIABILITIES (Continued)

D) 2006 School Building and Site Bonds

Brandon School District has issued General Obligation Bonds dated June 14, 2006, in the amount of \$72,975,000, bearing interest at rates varying from 4.0% to 5.0% per annum. The balance of the bonds as of June 30, 2006 was \$72,975,000.

E) Installment Contract

The District entered into an installment contract with Oxford Bank on July 25, 2005 for the purchase of ten buses. The contract requires annual payments of \$113,326 including interest at 3.24% per annum and matures on July 25, 2010. The balance at June 30, 2006 was \$515,462.

F) Contract Payable

The District entered into an contract payable in 1998 for \$460,000. The contract requires annual payments of \$20,000 for a period of 23 years and matures in 2021. The balance at June 30, 2006 was \$260,000.

G) Michigan School Bond Loan Fund

The School District has entered into a loan agreement with the Michigan School Bond Loan Fund to borrow monies over a period of years sufficient to extinguish the interest and principal requirements as they become due. The School is required to begin repaying the debt at the point where the School District's State Equalized Valuation times its levy will be in excess of its interest and principal requirements. The loan shall bear interest at the average interest rate computed to the nearest one-eighth of one percent, paid by the State on obligations issued pursuant to Section 16 of Article IX of the State Constitution of 1983. Interest of \$1,878,844 has been assessed for the year ended June 30, 2006, and is included in the amount owing the State at that date. The principal balance as of June 30, 2006 was \$7,858,244.

H) Debt service requirements at June 30, 2006, were as follows:

	Bonds Payable	Contract Payable	Installment Contract	MI School Bond Loan	Interest	Total
June 30, 2007	\$2,989,887	\$20,000	\$96,625	\$0	\$4,518,668	\$7,625,180
June 30, 2008	3,358,893	20,000	99,756	0	4,843,629	8,322,278
June 30, 2009	3,908,787	20,000	102,988	0	4,620,845	8,652,620
June 30, 2010	4,120,870	20,000	106,324	0	4,441,248	8,688,442
June 30, 2011	4,118,055	20,000	109,769	0	4,262,870	8,510,694
June 30, 2012-2016	20,323,076	100,000	0	0	18,489,264	38,912,340
June 30, 2017-2021	20,055,000	60,000	0	0	13,614,077	33,729,077
June 30, 2022-2026	19,905,000	0	0	0	8,777,500	28,682,500
June 30, 2027-2031	13,000,000	0	0	0	4,745,000	17,745,000
June 30, 2032-2036	13,000,000	0	0	0	1,820,000	14,820,000
Thereafter	0	0	0	7,858,244	0	7,858,244
<u>TOTAL</u>	<u>\$104,779,568</u>	<u>\$260,000</u>	<u>\$515,462</u>	<u>\$7,858,244</u>	<u>\$70,133,101</u>	<u>\$183,546,375</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

11) LONG-TERM LIABILITIES (Continued)

I) Changes in Long-Term Liabilities

<u>Governmental Activities:</u>	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006	Amount Due in One Year
Bonds Payable	\$34,142,651	\$72,975,000	\$2,338,083	\$104,779,568	\$2,989,887
School Bond Loan Fund	7,858,244	0	0	7,858,244	0
Contract Payable	280,000	0	20,000	260,000	20,000
Installment Contract	0	515,462	0	515,462	96,625
Compensated Absences	1,044,691	0	108,186	936,505	N/A
<u>Total Governmental Activities</u>	<u>\$43,325,586</u>	<u>\$73,490,462</u>	<u>\$2,466,269</u>	<u>\$114,349,779</u>	<u>\$3,106,512</u>

The payment dates of sick days payable are undeterminable. There is no scheduled repayment dates for the Michigan School Bond Loan payable. The interest expenditures on long-term obligations for the year were \$1,698,810.

12) OPERATING LEASES

The District leases various copy machines and postage meters. The leases have various starting dates and monthly amounts due. All the leases are for a sixty month term. The future minimum payments are as follows:

2007	\$ 24,886
2008	23,575
2009	12,848
2010	4,039
2011	852
<u>TOTAL</u>	<u>\$ 66,200</u>

13) INTERFUND ACTIVITY

Interfund balances at June 30, 2006 consisted of the following:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 838,829	\$ 134,453
Debt Retirement Funds	580,713	0
Special Revenue Funds	0	1,235,661
Capital Projects Funds	0	6,942
Trust and Agency Funds	0	42,486
<u>TOTAL</u>	<u>\$ 1,419,542</u>	<u>\$ 1,419,542</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2006, consisted of the following:

TRANSFERS TO	TRANSFERS FROM		
	General Fund	Food Service	Total
General Fund	\$0	\$33,226	\$33,226
Athletics Fund	456,158	0	456,158
Childcare Fund	3,157	0	3,157
<u>TOTAL</u>	<u>\$459,315</u>	<u>\$33,226</u>	<u>\$492,541</u>

These transfers were made to subsidize the cost of services for athletics and childcare.

15) RESTATEMENT – GASB 34 STATEMENTS

Beginning net assets were restated for the following reasons:

Net Assets as Previously Report	\$ (6,879,987)
Correction of Error in the Fixed Asset Acquisition Costs	(14,200)
Correction of Error in the Fixed Asset Accumulated Depreciation Calculation	1,339,157
Correction of Error in the Calculation of Sick and Vacation Payable	3,276,655
Correction of Error in the Contract Payable not Reported in Prior Year	<u>(280,000)</u>
 <u>NET ASSETS AS RESTATED</u>	 <u>\$ (2,558,375)</u>

16) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 14.87 percent for the period July 1, 2005 through September 30, 2005 and 16.34 percent for the period October 1, 2005 through June 30, 2006 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS pension plan for the years ended June 30, 2006, 2005 and 2004 were \$2,735,035, \$2,555,638 and \$2,555,638, respectively.

Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS pension plan discussed above.

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

17) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty, theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. The pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from significant adverse financial impact.

18) GOVERNMENTAL REGULATION

Substantially all of the school district's facilities are subject to federal, state and local provisions regulating the discharge of materials into the environment. Compliance with these provisions has not had, nor does the school district expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

19) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits. The audits of these programs for and including the year ended June 30, 2006, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

20) SUBSEQUENT EVENTS

In August, 2006, the District borrowed \$3,200,000 at 3.68% per annum from Chase Bank on a State Aid Anticipation Note. The note proceeds will be used to meet cash flow needs for the 2006-2007 fiscal year.

OTHER SUPPLEMENTAL
INFORMATION

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2006

	Special Revenue Fund	Debt Retirement Fund	Capital Projects Fund	Total Other Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$1,240,576	\$737,021	\$3,101	\$1,980,698
Accounts Receivable	5,396	0	0	5,396
Due from Other Governmental Units	16,774	0	0	16,774
Due from Other Funds	0	580,713	0	580,713
Inventory	13,074	0	0	13,074
<u>TOTAL ASSETS</u>	<u>\$1,275,820</u>	<u>\$1,317,734</u>	<u>\$3,101</u>	<u>\$2,596,655</u>
<u>LIABILITIES</u>				
Accounts Payable	\$159	\$0	\$0	\$159
Due to Other Funds	1,235,661	0	6,942	1,242,603
Total Liabilities	\$1,235,820	\$0	\$6,942	\$1,242,762
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	13,074	0	0	13,074
Debt Retirement	0	1,317,734	0	1,317,734
Capital Projects	0	0	(3,841)	(3,841)
Unreserved:				
Undesignated, Reported In:				
Special Revenue Fund	26,926	0	0	26,926
Total Fund Balances	\$40,000	\$1,317,734	(\$3,841)	\$1,353,893
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$1,275,820</u>	<u>\$1,317,734</u>	<u>\$3,101</u>	<u>\$2,596,655</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Special Revenue Fund	Debt Retirement Fund	Capital Projects Fund	Total Other Governmental Funds
<u>REVENUES</u>				
Local Sources	\$1,020,696	\$4,899,683	\$108	\$5,920,487
State Sources	112,235	55,251	0	167,486
Federal Sources	302,733	0	0	302,733
Total Revenues	<u>\$1,435,664</u>	<u>\$4,954,934</u>	<u>\$108</u>	<u>\$6,390,706</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Revenues & Other Financing Sources	<u>426,089</u>	<u>0</u>	<u>0</u>	<u>426,089</u>
	<u>\$1,861,753</u>	<u>\$4,954,934</u>	<u>\$108</u>	<u>\$6,816,795</u>
<u>EXPENDITURES</u>				
Food Service	880,999	0	0	880,999
Athletics	589,024	0	0	589,024
Childcare	351,730	0	0	351,730
Debt Retirement	0	4,038,056	0	4,038,056
Capital Projects	0	0	2,100	2,100
Total Expenditures	<u>\$1,821,753</u>	<u>\$4,038,056</u>	<u>\$2,100</u>	<u>\$5,861,909</u>
Net Change in Fund Balance	<u>\$40,000</u>	<u>\$916,878</u>	<u>(\$1,992)</u>	<u>\$954,886</u>
<u>NET ASSETS - BEGINNING</u>				
	<u>0</u>	<u>400,856</u>	<u>(1,849)</u>	<u>399,007</u>
<u>NET ASSETS - ENDING</u>				
	<u>\$40,000</u>	<u>\$1,317,734</u>	<u>(\$3,841)</u>	<u>\$1,353,893</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUND
AS OF JUNE 30, 2006

	Food Services Fund	Athletic Fund	Childcare Fund	Total
<u>ASSETS</u>				
Cash and Cash Equivalents	\$619,384	\$325,778	\$295,414	\$1,240,576
Accounts Receivable	5,396	0	0	5,396
Due from Other Governmental Units	5,972	0	10,802	16,774
Inventory	13,074	0	0	13,074
<u>TOTAL ASSETS</u>	<u>\$643,826</u>	<u>\$325,778</u>	<u>\$306,216</u>	<u>\$1,275,820</u>
<u>LIABILITIES</u>				
Accounts Payable	\$0	\$159	\$0	\$159
Due to Other Funds	603,826	325,619	306,216	1,235,661
Total Liabilities	\$603,826	\$325,778	\$306,216	\$1,235,820
<u>FUND BALANCES</u>				
Fund Balance - Reserved for Inventory	13,074	0	0	13,074
Fund Balance - Unreserved and Undesignated	26,926	0	0	26,926
Total Fund Balance	\$40,000	\$0	\$0	\$40,000
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$643,826</u>	<u>\$325,778</u>	<u>\$306,216</u>	<u>\$1,275,820</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Food Services Fund</u>	<u>Athletic Fund</u>	<u>Childcare Fund</u>	<u>Total</u>
<u>REVENUES</u>				
<u>Local Sources</u>				
Cafeteria Sales	\$576,279	\$0	\$0	\$576,279
Athletic Activities	0	124,667	0	124,667
Tuition	0	0	277,244	277,244
Earnings on Investments	22,378	8,199	11,929	42,506
Total Local Sources	<u>\$598,657</u>	<u>\$132,866</u>	<u>\$289,173</u>	<u>\$1,020,696</u>
<u>State Sources</u>				
State Reimbursements	52,835	0	59,400	112,235
<u>Federal Sources</u>				
Federal Reimbursements	262,998	0	0	262,998
Commodities	39,735	0	0	39,735
Total Federal Sources	<u>\$302,733</u>	<u>\$0</u>	<u>\$0</u>	<u>\$302,733</u>
Total Revenues	<u>\$954,225</u>	<u>\$132,866</u>	<u>\$348,573</u>	<u>\$1,435,664</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers from General Fund	0	456,158	3,157	459,315
Total Revenues & Other Financing Sources	<u>\$954,225</u>	<u>\$589,024</u>	<u>\$351,730</u>	<u>\$1,894,979</u>
<u>EXPENDITURES</u>				
Salaries - Professional	42,587	81,278	53,925	177,790
Salaries - Non-Professional	231,164	248,878	190,299	670,341
Insurances	34,573	16,419	34,546	85,538
Fica, Retirement, Etc.	65,458	79,017	57,627	202,102
Other Benefits	262	1,425	900	2,587
Purchased Services	9,959	82,936	4,983	97,878
Supplies and Materials	486,200	8,060	8,617	502,877
Capital Outlay	6,990	26,468	833	34,291
Other	3,806	44,543	0	48,349
Total Expenditures	<u>\$880,999</u>	<u>\$589,024</u>	<u>\$351,730</u>	<u>\$1,821,753</u>
<u>OTHER FINANCING USES</u>				
Transfers to General Fund	33,226	0	0	33,226
Total Expenditures & Other Financing Uses	<u>\$914,225</u>	<u>\$589,024</u>	<u>\$351,730</u>	<u>\$1,854,979</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$40,000	\$0	\$0	\$40,000
<u>FUND BALANCE - BEGINNING OF YEAR</u>				
	0	0	0	0
<u>FUND BALANCE - END OF YEAR</u>				
	<u>\$40,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$40,000</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
COMBINING BALANCE SHEET
DEBT RETIREMENT FUND
AS OF JUNE 30, 2006

	1995 Debt Fund	1998 Debt Fund	1998 Durant Debt	1996 Debt Fund	Total
<u>ASSETS</u>					
Cash and Cash Equivalents	\$243,397	\$493,624	\$0	\$0	\$737,021
Due from Other Funds	70,088	510,625	0	0	580,713
<u>TOTAL ASSETS</u>	<u>\$313,485</u>	<u>\$1,004,249</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,317,734</u>
<u>FUND BALANCES</u>					
Fund Balance - Reserved for Debt Retirement	<u>\$313,485</u>	<u>\$1,004,249</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,317,734</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT RETIREMENT FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>1995</u> <u>Debt</u> <u>Fund</u>	<u>1998</u> <u>Debt</u> <u>Fund</u>	<u>1998</u> <u>Durant</u> <u>Debt</u>	<u>1996</u> <u>Debt</u> <u>Fund</u>	<u>Total After</u> <u>Interfund</u> <u>Eliminations</u>
<u>REVENUES</u>					
<u>Local Sources</u>					
Current Taxes	\$1,226,647	\$1,838,595	\$0	\$1,770,917	\$4,836,159
Earnings on Investments and Deposits	19,123	14,703	0	29,698	63,524
Total Local Sources	<u>\$1,245,770</u>	<u>\$1,853,298</u>	<u>\$0</u>	<u>\$1,800,615</u>	<u>\$4,899,683</u>
<u>State Sources</u>					
State Reimbursements	0	0	55,251	0	55,251
Total Revenues	<u>\$1,245,770</u>	<u>\$1,853,298</u>	<u>\$55,251</u>	<u>\$1,800,615</u>	<u>\$4,954,934</u>
<u>OTHER FINANCING SOURCES</u>					
Transfers from Other Funds	0	362,902	0	0	0
Total Revenues & Other Financing Sources	<u>\$1,245,770</u>	<u>\$2,216,200</u>	<u>\$55,251</u>	<u>\$1,800,615</u>	<u>\$4,954,934</u>
<u>EXPENDITURES</u>					
Principal	790,000	125,000	38,083	1,385,000	2,338,083
Interest	166,055	1,427,294	17,168	88,293	1,698,810
Other	381	391	0	391	1,163
Total Expenditures	<u>\$956,436</u>	<u>\$1,552,685</u>	<u>\$55,251</u>	<u>\$1,473,684</u>	<u>\$4,038,056</u>
<u>OTHER FINANCING USES</u>					
Transfers to Other Funds	0	0	0	362,902	0
Total Expenditures & Other Financing Uses	<u>\$956,436</u>	<u>\$1,552,685</u>	<u>\$55,251</u>	<u>\$1,836,586</u>	<u>\$4,038,056</u>
<u>EXCESS REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$289,334	\$663,515	\$0	(\$35,971)	\$916,878
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>24,151</u>	<u>340,734</u>	<u>0</u>	<u>35,971</u>	<u>400,856</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$313,485</u>	<u>\$1,004,249</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,317,734</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
COMBINING BALANCE SHEET
CAPITAL PROJECT FUND
AS OF JUNE 30, 2006

	1996 Capital Project	1998 Durant Capital Project	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$2,900	\$201	\$3,101
<u>TOTAL ASSETS</u>	<u>\$2,900</u>	<u>\$201</u>	<u>\$3,101</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$5,547	\$1,395	\$6,942
<u>FUND BALANCES</u>			
Fund Balance - Reserved for Capital Projects	(2,647)	(1,194)	(3,841)
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$2,900</u>	<u>\$201</u>	<u>\$3,101</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006

	1996 Capital Project	1998 Durant Capital Project	Total
<u>REVENUES</u>			
<u>Local Sources</u>			
Current Taxes	\$108	\$0	\$108
<u>EXPENDITURES</u>			
Capital Outlay	2,100	0	2,100
<u>EXCESS REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	(\$1,992)	\$0	(\$1,992)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	(655)	(1,194)	(1,849)
<u>FUND BALANCE - END OF YEAR</u>	(\$2,647)	(\$1,194)	(\$3,841)

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES AND
OTHER FINANCING USES

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2006

REVENUES FROMLocal Sources

Current Taxes	\$1,561,445
Earnings on Investments and Deposits	136,297
Tuition	73,491
Community Services	139,547
Transportation	72,360
Other Local Revenues	163,229
Total Revenues from Local Sources	<u>\$2,146,369</u>

State Sources

State Aid - Membership - Sec. 20	22,996,939
At Risk	273,830
Special Education	1,134,400
Durant	78,679
Vocational Education	51,275
Other State Grants	118,576
Total Revenues from State Sources	<u>\$24,653,699</u>

Federal Sources

Title I	154,261
Technology Literacy Challenge	6,296
Title V	1,485
Limited English	3,148
Improving Teacher Quality	79,057
Vocational Education	41,134
Headstart	222,387
Safe & Drug Free Schools	19,795
Special Education - Flowthrough	792,188
Preschool - Flowthrough	29,635
Medicaid	3,549
Total Revenues from Federal Sources	<u>\$1,352,935</u>
Total Revenues	<u>\$28,153,003</u>

OTHER FINANCING SOURCES

Transfers from Other Districts	28,557
Other Transfers	591,822
Transfers from Other Funds	33,226
County Special Education Tax	1,092,470
Total Other Financing Sources	<u>\$1,746,075</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES

\$29,899,078

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2006

INSTRUCTIONBasic Programs

Elementary	\$6,893,079
Middle School	2,529,476
High School	4,451,278
Preschool	74,407
Other Basic Programs	5,343
Total Basic Programs	<u>\$13,953,583</u>

Added Needs

Special Education	2,167,384
Compensatory Education	368,723
Vocational Education	92,769
Total Added Needs	<u>\$2,628,876</u>
Total Instruction	<u>\$16,582,459</u>

SUPPORT SERVICESStudent Services

Pupil Guidance	809,483
Health Services	70,606
Speech	387,063
Social Work Services	312,662
Other Pupil Services	201,924
Total Student Services	<u>\$1,781,738</u>

Instructional Staff

Improvement of Instructor	385,605
Other Services	714,241
Total Instructional Staff	<u>\$1,099,846</u>

General Administration

Board of Education	84,519
Executive Administration	293,924
Total General Administration	<u>\$378,443</u>

Other Support

School Administration	1,420,148
Business Office	627,689
Operation & Maintenance	3,376,870
Transportation	2,559,000
Other Support Services	739,424
Total Other Support	<u>8,723,131</u>
Total Support Services	<u>\$11,983,158</u>

COMMUNITY SERVICES

Community Education	76,485
Aquatics Center	176,311
Total Community Services	<u>\$252,796</u>
Total Expenditures	<u>\$28,818,413</u>

OTHER FINANCING USES

Transfers to Other Funds	459,315
Other Transfers	5,948
Transfers to Other Districts	270,003
Total Other Financing Uses	<u>\$735,266</u>

TOTAL EXPENDITURES & OTHER FINANCING USES

\$29,553,679

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

STUDENT ACTIVITY	Due to (From) Student Groups July 1, 2005	Receipts	Disbursements	Due to (From) Student Groups June 30, 2006
Athletic Boosters	\$1,490	\$38,377	\$36,841	\$3,026
Athletic Department	8,256	65,441	67,036	6,661
Athletic Game Officials	516	99,972	100,052	436
Athletic Trainer	217	901	1,117	1
Belle Ann - General	5,656	16,591	16,160	6,087
Belle Ann - Library	1,871	17,622	16,441	3,052
Belle Ann - Pop Fund	2,685	1,993	1,793	2,885
BFIS - Camp Tamarack	2,298	50,463	51,699	1,062
BFIS - General	9,220	37,231	33,716	12,735
BFIS - Library	6,230	27,582	27,901	5,911
BFIS - School Store	2,531	2,190	2,380	2,341
BFIS - Senior Citizens Dinner	1,677	2,510	2,400	1,787
BFIS - Student Council	612	4,689	4,068	1,233
Board of Education Tree Dedication	165	0	0	165
Central Office - General	573	822	157	1,238
Central Office - In and Out	0	2,700	2,450	250
Central Office - Pop Fund	441	29,454	29,280	615
Class Refund In/Out	110	0	0	110
Community Ed Choices	1,433	7,866	9,029	270
Community Ed Choices Scholarship	450	0	0	450
Girls Golf	0	204	204	0
Harvey Swanson - Casual for a Cause	61	988	1,000	49
Harvey Swanson - Chess Club	26	450	258	218
Harvey Swanson - General	1,154	22,369	23,265	258
Harvey Swanson - Library	3,341	11,635	12,478	2,498
Harvey Swanson - Pop Fund	299	1,949	2,147	101
HS - Art	2,788	10,676	10,622	2,842
HS - Band	66	0	0	66
HS - Baseball	0	15,379	14,099	1,280
HS - Boy/Girls Cross Country	944	3,142	2,691	1,395
HS - Boys Basketball	532	9,296	8,148	1,680
HS - Boys Soccer	2,891	38,355	40,835	411
HS - Boys Swimming	107	21,016	19,511	1,612
HS - Boys Tennis	1,452	13,645	13,909	1,188
HS - Boys Varsity Club	255	0	0	255
HS - Business Pro of America	105	180	54	231
HS - Casual for a Cause	1,296	755	545	1,506
HS - Cheerleading	2,024	64,412	63,593	2,843
HS - Choral Music	1,723	44,972	36,745	9,950
HS - Class of 1995	734	728	1,456	6
HS - Class of 1996	278	0	0	278
HS - Class of 1997	3,913	0	0	3,913
HS - Class of 1998	698	0	0	698
HS - Class of 2000	2,458	0	447	2,011
HS - Class of 2002	875	0	0	875

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

STUDENT ACTIVITY	Due to (From) Student Groups July 1, 2005	Receipts	Disbursements	Due to (From) Student Groups June 30, 2006
HS - Class of 2003	\$1,311	\$0	\$0	\$1,311
HS - Class of 2004	305	0	0	305
HS - Class of 2005	545	0	0	545
HS - Class of 2006	97	2,723	2,670	150
HS - Class of 2007	285	30,082	27,901	2,466
HS - Class of 2008	438	3,728	3,440	726
HS - Class of 2009	0	2,867	2,771	96
HS - Debate	389	40	80	349
HS - Earth Club	930	0	0	930
HS - Equestrian	325	3,004	3,268	61
HS - Fashion Club	0	1,129	315	814
HS - Football	9,060	30,644	33,183	6,521
HS - French Club	15,433	5,829	6,235	15,027
HS - General	6,732	99,592	74,535	31,789
HS - Girls Basketball	914	4,266	5,089	91
HS - Girls Soccer	30	1,682	60	1,652
HS - Girls Swimming	52	34,278	32,008	2,322
HS - Girls Tennis	1,686	2,902	3,982	606
HS - Girls/Boys Track	4,083	2,903	4,678	2,308
HS - Golf	159	0	59	100
HS - Hockey	2,170	9,317	11,329	158
HS - Industrial Arts	764	0	0	764
HS - Journalism	6,107	34,336	9,938	30,505
HS - Library	371	123	0	494
HS - Literary Club	85	174	0	259
HS - Locker Art	353	0	0	353
HS - Memorial Fund	1,884	0	0	1,884
HS - Musical	28,883	31,749	55,736	4,896
HS - National Honor Society	1	1,195	495	701
HS - Newspaper	100	0	0	100
HS - Parent Advisory Group	50	0	0	50
HS - Parking Passes	21,336	15,701	35,010	2,027
HS - PE Department	8	0	0	8
HS - Pompon	25	6,666	5,907	784
HS - Pop Fund	4	240	132	112
HS - School Store	3	0	0	3
HS - Science is Fun	0	19	0	19
HS - Senior Lockin	77	16,155	15,825	407
HS - Ski Team	0	1,008	1,008	0
HS - Softball	2,011	4,480	4,782	1,709
HS - Spanish Club	625	16,767	16,467	925
HS - Speech	143	50	10	183
HS - Stage & Drama	2,058	2,666	2,727	1,997
HS - Student Council	1,603	60,738	57,600	4,741
HS - Students Against Drunk Driving	605	0	110	495

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

<u>STUDENT ACTIVITY</u>	<u>Due to (From)</u> <u>Student Groups</u> <u>July 1, 2005</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Due to (From)</u> <u>Student Groups</u> <u>June 30, 2006</u>
HS - Tiffany Lambris Memoria	\$749	\$0	\$0	\$749
HS - Volleyball	8,358	28,175	33,377	3,156
HS - Woodshop	476	2,420	2,515	381
HS - Wrestling	1,295	2,814	2,168	1,941
HSE - Larry Appleton Memorial Func	402	0	0	402
HT Burt - General	10,475	7,235	9,340	8,370
HT Burt - Library	2,537	17,287	18,501	1,323
Interest Revenue	5,888	12,339	0	18,227
MS - Boys Basketball	611	0	0	611
MS - Boys Cross Country	386	7,967	8,268	85
MS - Cheerleading	52	9,455	9,062	445
MS - General	21,632	27,685	26,451	22,866
MS - Girls Basketball	814	2,249	2,368	695
MS - Library	40	5,024	4,844	220
MS - Program Projects	10,403	9,673	10,211	9,865
MS - School Pop Fund	731	520	430	821
MS - Soccer	0	2,268	2,268	0
MS - Store	377	0	0	377
MS - Student Council	422	61,815	62,247	(10)
MS - Track	3	5,917	5,920	0
MS - Volleyball	992	1,238	2,230	0
MS - Wrestling	1,217	0	80	1,137
MS - Yearbook	7,341	43,162	49,401	1,102
School Bond Elections	0	500	0	500
Sherman Court General	5,724	16,551	14,781	7,494
Special Ed - Bees	1	0	0	1
Special Ed - Brandon Print Shop	10,994	28,212	30,435	8,771
Special Ed - Coffee Shop HS	199	7,073	2,621	4,651
Special Ed - General	6,215	2,642	5,932	2,925
Special Ed - MS Voc.	1,261	0	0	1,261
Sports Camps	0	12,342	700	11,642
Sports Camps Registration	0	875	0	875
Transportation Robot Account	893	0	0	893
Weight Lifting	472	275	550	197
<u>TOTAL</u>	<u>\$287,451</u>	<u>\$1,409,321</u>	<u>\$1,376,577</u>	<u>\$320,195</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2006

Date of Issue - October 24, 1995 Original amount of issue - \$7,920,000

1995 REFUNDING BONDS

<u>PAYMENT DATE</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL REQUIREMENT</u>
2006-2007	\$63,278	\$63,277	5.100%	\$785,000	\$911,555
2007-2008	43,260	43,260	5.250%	820,000	906,520
2008-2009	21,735	21,735	5.400%	805,000	848,470
<u>TOTAL</u>	<u>\$128,273</u>	<u>\$128,272</u>		<u>\$2,410,000</u>	<u>\$2,666,545</u>

Date of Issue - November 24, 1998 Original amount of issue - \$786,787

1998 DURANT RESOLUTION PACKAGE BONDS

<u>PAYMENT DATE - MAY 15TH</u>	<u>INTEREST REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL FISCAL YEAR REQUIREMENTS</u>
2007	\$15,354	4.761353%	\$39,887	\$55,241
2008	76,836	4.761353%	183,893	260,729
2009	11,465	4.761353%	43,787	55,252
2010	9,380	4.761353%	45,870	55,250
2011	7,196	4.761353%	48,055	55,251
2012	4,908	4.761353%	50,340	55,248
2013	2,511	4.761353%	52,736	55,247
<u>TOTAL</u>	<u>\$127,650</u>		<u>\$464,568</u>	<u>\$592,218</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2006

Date of Issue - February 17, 1998

Original amount of issue - \$29,795,000

1998 REFUNDING BONDS

<u>PAYMENT DATE</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL REQUIREMENT</u>
2007-2008	\$710,960	\$710,959	4.350%	\$1,515,000	\$2,936,919
2008-2009	678,008	678,008	5.125%	1,505,000	2,861,016
2009-2010	639,442	639,443	4.550%	1,510,000	2,788,885
2010-2011	605,090	605,090	4.650%	1,500,000	2,710,180
2011-2012	570,215	570,215	4.750%	1,495,000	2,635,430
2012-2013	534,709	534,709	4.850%	1,485,000	2,554,418
2013-2014	498,698	498,697	4.900%	1,480,000	2,477,395
2014-2015	462,437	462,438	4.950%	1,470,000	2,394,875
2015-2016	426,055	426,055	5.000%	1,460,000	2,312,110
2016-2017	389,555	389,555	5.050%	1,450,000	2,229,110
2017-2018	352,943	352,942	5.100%	1,445,000	2,150,885
2018-2019	316,095	316,095	5.100%	1,440,000	2,072,190
2019-2020	279,375	279,375	5.000%	1,430,000	1,988,750
2020-2021	243,625	243,625	5.000%	1,425,000	1,912,250
2021-2022	208,000	208,000	5.000%	1,415,000	1,831,000
2022-2023	172,625	172,625	5.000%	1,405,000	1,750,250
2023-2024	137,500	137,500	5.000%	1,395,000	1,670,000
2024-2025	102,625	102,625	5.000%	1,380,000	1,585,250
2025-2026	68,125	68,125	5.000%	1,370,000	1,506,250
2026-2027	33,875	33,875	5.000%	1,355,000	1,422,750
<u>TOTAL</u>	<u>\$7,429,957</u>	<u>\$7,429,956</u>		<u>\$28,930,000</u>	<u>\$43,789,913</u>

BRANDON SCHOOL DISTRICT - ORTONVILLE, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2006

Date of Issue - June 14, 2006

Original amount of issue - \$72,975,000

2006 SCHOOL BUILDING AND SITE BONDS

<u>PAYMENT DATE</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>RATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>TOTAL REQUIREMENT</u>
2007-2008	\$0	\$2,938,139	4.000%	\$650,000	\$3,588,139
2008-2009	1,655,344	1,655,343	4.000%	850,000	4,160,687
2009-2010	1,638,343	1,638,344	4.000%	1,550,000	4,826,687
2010-2011	1,607,344	1,607,343	4.000%	2,575,000	5,789,687
2011-2012	1,555,843	1,555,844	4.000%	2,575,000	5,686,687
2012-2013	1,504,344	1,504,343	4.000%	2,575,000	5,583,687
2013-2014	1,452,843	1,452,844	5.000%	2,575,000	5,480,687
2014-2015	1,388,468	1,388,469	5.000%	2,575,000	5,351,937
2015-2016	1,324,094	1,324,094	5.000%	2,575,000	5,223,188
2016-2017	1,259,719	1,259,719	4.000%	2,575,000	5,094,438
2017-2018	1,208,219	1,208,219	5.000%	2,575,000	4,991,438
2018-2019	1,143,844	1,143,844	5.000%	2,575,000	4,862,688
2019-2020	1,079,469	1,079,469	5.000%	2,575,000	4,733,938
2020-2021	1,015,094	1,015,094	4.250%	2,575,000	4,605,188
2021-2022	960,375	960,375	4.375%	2,600,000	4,520,750
2022-2023	903,500	903,500	5.000%	2,600,000	4,407,000
2023-2024	838,500	838,500	5.000%	2,600,000	4,277,000
2024-2025	773,500	773,500	5.000%	2,600,000	4,147,000
2025-2026	708,500	708,500	4.500%	2,600,000	4,017,000
2026-2027	650,000	650,000	4.500%	2,600,000	3,900,000
2027-2028	591,500	591,500	4.500%	2,600,000	3,783,000
2028-2029	533,000	533,000	4.500%	2,600,000	3,666,000
2029-2030	474,500	474,500	4.500%	2,600,000	3,549,000
2030-2031	416,000	416,000	4.500%	2,600,000	3,432,000
2031-2032	357,500	357,500	4.500%	2,600,000	3,315,000
2032-2033	299,000	299,000	4.500%	2,600,000	3,198,000
2033-2034	240,500	240,500	4.500%	2,600,000	3,081,000
2034-2035	182,000	182,000	4.500%	2,600,000	2,964,000
2035-2036	123,500	123,500	4.500%	2,600,000	2,847,000
2036-2037	65,000	65,000	5.000%	2,600,000	2,730,000
<u>TOTAL</u>	<u>\$25,949,843</u>	<u>\$28,887,983</u>		<u>\$72,975,000</u>	<u>\$127,812,826</u>